

GASB Preliminary View Document – Proposed Resolution

Whereas Article 16, paragraph (e), of the Constitution of the State of California (see below) vests retirement boards exclusive fiduciary responsibility for the provision of actuarial services in order to assure the financial competency of State pension or retirement systems,

Whereas the publication of separately determined and sometimes conflicting actuarial expense information, as determined under rules governed and constructed by an accounting body, would be confusing to users of financial statements,

And, moreover, whereas the development of such information would add taxpayer financed cost to actuarial oversight,

Now, therefore, the California Actuarial Advisory Panel (CAAP), resolves, on behalf of sponsors of California State pension or retirement systems, to oppose such provisions as are included in the recently released Government Accounting Standards Board (GASB) "Preliminary Views," suggesting, instead, that accountants continue to embrace the principles of previously applicable GASB 25/45 in recording actuarial expense.

CALIFORNIA CONSTITUTION ARTICLE 16 PUBLIC FINANCE

(Note: This is California Proposition 162, a constitutional amendment known as the California Pension Protection Act, approved by voters in 1992. The amendment grants the board of the state's public employee retirement systems sole and exclusive authority over investment decisions and administration, and requires the board to administer the retirement system so as to assure prompt delivery of benefits to participants and beneficiaries. It also specifies that the delivery of benefits to participants and beneficiaries and the board's duty to participants and beneficiaries takes precedence over any other duty.)

(e) The retirement board of a public pension or retirement system, consistent with the exclusive fiduciary responsibilities vested in it, shall have the sole and exclusive power to provide for actuarial services in order to assure the competency of the assets of the public pension or retirement system.